

**INDEPENDENT PRACTITIONER REPORT**

To the Board of Directors  
Panchshil Infrastructure Holdings Private Limited  
Tech Park, One Tower - E, Next to Don Bosco School,  
Off Airport Road, Yerwada, Pune- 411006.

**Report on the audit of the special purpose carve-out financial statements**

**Opinion**

We have audited the accompanying special purpose carve-out financial statements of **Panchshil Infrastructure Holdings Private Limited** ("the Company"), which comprise the special purpose carve-out balance sheet as of March 31, 2022, special purpose carve-out statement of profit and loss (including the special purpose carve-out statement of other comprehensive income), special purpose carve-out statement of changes in equity and the special purpose carve-out cash flow statement for the year then ended, and notes to the special purpose carve-out financial statements, including a summary of material accounting policies and other explanatory information and disclosure (the "Special Purpose Carve Out Financial Statement"). These Special Purpose Carve Out Financial Statement will be used by Ventive Hospitality Limited, being the Purchaser of the Company's hotel operations, in preparation of unaudited Pro Forma Financial Information by the Purchaser on a voluntary basis to include the impact of acquisition of the hotel operations of the Company for the year ended March 31, 2022 ("Unaudited Pro Forma Financial Information").

The Special Purpose Carve Out Financial Statements have been prepared by the Management of the Company in accordance with the Indian Accounting Standard specified under Section 133 of the Companies Act 2013 ("the Act") read with Companies (Indian Accounting Standard) Rules, 2015 as amended and other accounting principles generally accepted in India.

In our opinion, the accompanying the Special Purpose Carve Out Financial Statements for the year ended March 31, 2022, are prepared in all material respects, in accordance with Basis of Preparation set out in Note 2.2(a) of the Special Purpose Carve Out Financial Statements.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013 ('the Act'). Our responsibilities under those Standards are further described in the Practitioner's Responsibilities for the Audit of the Special Purpose Carve Out Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the Special Purpose Carve Out Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter - Basis of Preparation and Restriction on Distribution and Use**

We draw attention to Note 2.2(a) to the Special Purpose Carve Out Financial Statements which describes the purpose and basis of preparation of the Special Purpose Carve Out Financial Statements.

These Special Purpose Carve-out Financial Statements have been prepared solely to include the impact of the hotel operations for the year ended March 31, 2022 in the Unaudited Pro Forma Financial Information of the Purchaser which are prepared for the purpose of inclusion in the Draft Red Herring Prospectus (“DRHP”) to be filed with Securities and Exchange Board of India (“SEBI”), BSE Limited (“BSE”), National Stock Exchange of India Limited (“NSE”), in connection with the proposed Initial Public Offer of the shares of the Purchaser (“Proposed IPO”). As a result, the Special Purpose Carve Out Financial Statements may not be suitable for another purpose.

Our report is intended solely for the purpose mentioned above and for the use by the statutory auditors of the Purchaser and should not be distributed to or used by any other parties. M S K A & Associates shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Our opinion is not modified in respect of this matter.

#### **Responsibilities of Management and Those charged with Governance for Special Purpose Carve-Out Financial Statements**

Management is responsible for the preparation of the Special Purpose Carve Out Financial Statements in accordance with Note 2.2(a) to the Special Purpose Carve Out Financial Statements for the purpose set out in paragraph above and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of Special Purpose Carve Out Financial Statements that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Carve Out Financial Statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Company’s financial reporting process.

#### **Practitioner’s Responsibilities for the Audit of the Special Purpose Carve -Out Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Carve Out Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue practitioner’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Carve Out Financial Statements.

We give in “Annexure A” a detailed description of practitioner’s responsibilities for audit of the Special Purpose Carve Out Financial Statements.



# MSKA & Associates

Chartered Accountants

## Other Matter

These Special Purpose Carve Out Financial Statements have been prepared solely for the purpose of preparation of unaudited Pro Forma Financial Information for inclusion in DRHP in relation to the proposed IPO of the Purchaser. Accordingly, these Special Purpose Carve Out Financial Statements are not suitable for any other purpose other than for the purpose of preparation of the unaudited Pro Forma Financial Information by the Purchaser.

Accordingly, no comparative figures are also presented in these Special Purpose Carve Out Financial Statements.

Our opinion is not modified in respect of these matters.

**For M S K A & Associates**

**Chartered Accountants**

ICAI Firm Registration No. 105047W

*N. Manohar Juman*  
Nitin Manohar Juman

Partner

Membership No. 111700

UDIN:24111700BKAINK2587



Place: Pune

Date: August 29, 2024

## ANNEXURE A TO THE INDEPENDENT PRACTITIONER'S REPORT ON EVEN DATE ON THE SPECIAL PURPOSE CARVE OUT FINANCIAL STATEMENTS OF PANCHSHIL INFRASTRUCTURE HOLDINGS PRIVATE LIMITED.

### Practitioners Responsibilities for the Audit of the Special Purpose Carve Out Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose carve out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing our opinion on whether the company has internal financial controls with reference to special purpose carve out financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose carve out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the special purpose carve out financial statements, including the disclosures, and whether the special purpose carve out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



# MSKA & Associates

Chartered Accountants

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W

*N. Manohar Jumani*  
Nitin Manohar Jumani  
Partner  
Membership No. 111700  
UDIN:



Place: Pune  
Date: August 29, 2024

**Panchshil Infrastructure Holdings Private Limited**

Special Purpose Carve out Balance sheet as at March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

	Notes	March 31, 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3	550.31
Intangible assets	3	0.58
<b>Financial assets</b>		
Other financial assets	4	16.68
Deferred tax assets (net)	15	48.36
		<u>615.93</u>
<b>Current assets</b>		
Inventories	5	11.04
<b>Financial assets</b>		
Trade receivables	8	42.01
Cash and cash equivalents	6	32.86
Other financial assets	4	1.12
Other current assets	7	16.74
		<u>103.77</u>
<b>TOTAL</b>		<u><u>719.70</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Net parent investment from parent		-
Other equity	9	-107.78
		<u>-107.78</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	10	678.41
Provisions	11	4.70
		<u>683.11</u>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	10	16.42
Trade payables		-
- Total outstanding dues of micro enterprises and small enterprises	14	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	114.45
Other financial liabilities	12	4.43
Other current liabilities	13	7.08
Provisions	11	1.99
		<u>144.37</u>
<b>Total liabilities</b>		<u>827.48</u>
<b>TOTAL</b>		<u><u>719.70</u></u>

See accompanying notes to the special purpose Ind AS financial statement  
The accompanying notes are an integral part of the special purpose Ind AS financial statements.  
As per our report of even date.

2

For M S K A & Associates  
Firm Registration No.:193047W

Nitin Manohar Jamani  
Partner  
Membership No:111700  
Place:Pune  
Date: August 29, 2024



For and on behalf of the Board of Directors of  
Panchshil Infrastructure Holdings Private Limited

Atul Chordia  
Director  
DIN: 00054998  
Place: Pune  
Date: August 29, 2024

Farookh Khan Noormohammad  
Director  
DIN: 01323080  
Place: Pune  
Date: August 29, 2024



	Notes	March 31, 2022
<b>Income</b>		
Revenue from operations	16	432.35
Other income	17	6.48
<b>Total income (I)</b>		<b>438.83</b>
<b>Expenses</b>		
Cost of materials consumed	18	51.40
Employee benefits expense	19	120.77
Other expenses	20	197.28
<b>Total expenses (II)</b>		<b>369.45</b>
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA) (I) - (II)</b>		<b>69.38</b>
Finance costs	22	33.51
Depreciation and amortisation expense	21	47.50
		<b>81.01</b>
<b>Loss before tax</b>		<b>(11.63)</b>
<b>Tax expenses:</b>		
Current tax		-
Deferred tax		4.70
<b>Total tax expenses</b>		<b>4.70</b>
<b>Loss for the year</b>		<b>(16.33)</b>
<b>Other comprehensive income</b>		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :		
Re-measurement (losses) / gains on defined benefit plans		0.50
income tax impact		-
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>		<b>0.50</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>(15.83)</b>
See accompanying notes to the special purpose Ind AS financial statement	2	

For M S K A & Associates  
Firm Registration No. 105047W

Nitin Manohar Jumani  
Partner  
Membership No: 111700  
Place: Pune  
Date: August 29, 2024



For and on behalf of the Board of Directors of  
Panchshil Infrastructure Holdings Private Limited

Atul Chordia  
Director  
DIN: 00054998  
Place: Pune  
Date: August 29, 2024

Farookh Khan Noormohammad  
Director  
DIN: 01323080  
Place: Pune  
Date: August 29, 2024



**Panchshil Infrastructure Holdings Private Limited****Special Purpose Carve out Cash flow statement for the year ended March 31, 2022**

(All amounts are Rupees in lacs unless otherwise stated)

	Year ended March 31, 2022
<b>A. Cash flows from operating activities</b>	
Profit before tax	(11.63)
Adjustments for	
Depreciation and amortisation	47.50
Provision for doubtful debts written back	1.44
Finance costs	33.51
Interest income	
<b>Operating profit before working capital changes</b>	<b>70.81</b>
Movements in working capital :	
(Increase) / decrease in other non-current financial assets	(12.37)
(Increase) / decrease in other current assets	(7.56)
(Increase) / decrease in inventories	(0.41)
(Increase) / decrease in trade receivables	(15.28)
Increase / (decrease) in trade payables	36.01
Increase / (decrease) in non current provisions	1.50
Increase / (decrease) in other current financial liabilities	(0.74)
Increase / (decrease) in other current liabilities	1.77
Increase / (decrease) in current provisions	0.67
<b>Cash generated / (used) from operations</b>	<b>74.42</b>
Direct taxes paid (net of refunds)	-
<b>Net cash flow generated / (used) in operating activities (A)</b>	<b>74.42</b>
<b>B. Cash flows from investing activities</b>	
Payments towards purchase of property and capital work in progress	(4.72)
Investment in fixed deposits having original maturity of more than 3 months	(3.04)
<b>Net cash flow generated / (used) in investing activities (B)</b>	<b>(7.76)</b>
<b>C. Cash flows from financing activities</b>	
Net parent investment /(withdrawal) by parent	(241.76)
Proceeds from borrowings	236.94
Interest paid	(33.51)
<b>Net cash flow generated / (used) from financing activities (C)</b>	<b>(38.32)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>28.34</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4.52</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>32.86</b>





**Panchshil Infrastructure Holdings Private Limited**


**Special Purpose Carve out Cash flow statement for the year ended March 31, 2022**

(All amounts are Rupees in lacs unless otherwise stated)

Components of cash and cash equivalents as at	As at March 31, 2022
Cash and cash equivalents include	
Cash on hand	0.50
Balances with banks	
- on current accounts	32.36
- on deposit accounts	-
	<u>32.86</u>
<b>Total cash and cash equivalents</b>	<b>32.86</b>

As per our report of even date.

For M S K A & Associates  
Firm Registration No.:105047W

  
Nitin Manohar Jumanf  
Partner  
Membership No:111700  
Place: Pune  
Date: August 29, 2024

For and on behalf of the Board of Directors of  
Panchshil Infrastructure Holdings Private Limited

  
Atul Chordia  
Director  
DIN: 00054998  
Place: Pune  
Date: August 29, 2024

  
Farookh Khan Noormohammad  
Director  
DIN: 01323080  
Place: Pune  
Date: August 29, 2024



**Panchshil Infrastructure Holdings Private Limited**

**Special Purpose Carve Out Statement of Changes in Equity for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**A. Net parent investment from parent**

Particulars	March 31, 2022
At the beginning of the year	-
Changes in equity share capital during the year	-
At the end of the year	-

**B. Other equity**

	Inter unit balance- Equity	Retained earnings	Total
Balance as at March 31, 2021	149.81	-	149.81
Loss for the year	-	(16.33)	(16.33)
Other comprehensive income	-	0.50	0.50
Changes during the year	(241.76)	-	(241.76)
Balance as at March 31, 2022	(91.95)	(15.83)	(107.78)

The accompanying notes are an integral part of the Ind AS financial statements.

For M S K A & Associates  
Firm Registration No.:10547/W

Nitin Menon Jumani  
Partner  
Membership No:111700

Place: Pune  
Date: August 29, 2024



For and on behalf of the Board of Directors of  
Panchshil Infrastructure Holdings Private Limited

Atul Chordia  
Director  
DIN: 00054998

Place: Pune  
Date: August 29, 2024

Farookh Khan Noormohammad  
Director  
DIN: 01323080

Place: Pune  
Date: August 29, 2024



## 1. Corporate & General Information

Panchshil Infrastructure Holdings Private Limited ("the Company") is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of real estate development and sale, operation of service apartments and a commercial hotel.

The Company and Ventive Hospitality Limited (formerly known as, ICC Realty (India) Private Limited) ("the Purchaser" or "the Issuer") have entered into Business and Loan Transfer Agreement as defined below for its operations relating to commercial hotel. Operations relating to commercial hotel means operations relating to hotel namely Oakwood Residence Naylor Road, Pune and Marriot Suites, Pune.

## 2. Material accounting policies

The material accounting policies applied by the Company in the preparation of its Special Purpose Carve Out Financial Statements are listed below.

### 2.1 Purpose of preparation of these Special Purpose Carve Out Financial Statements

The Board of Directors of the Company approved the transfer of business operation relating to commercial hotel including transfer of Business Assets and Liabilities of the Company as per the Business and Loan Transfer Agreement ("BLTA") dated 6 August 2024 and addendum thereof if any ("Transferred Business") as a going concern with all the related rights, title and interest in and to the Business Undertaking and novation, assignment and transfer of all the rights, obligations and liabilities in relation to the specified loan to Issuer. These Special Purpose Carve Out Financial Statements of the Transferred Business is being prepared for the purpose of preparation of the Proforma financial statements which are being prepared for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP"), in connection with the proposed initial public offering of equity shares of face value of Rs. 1 each of Issuer.

These Special Purpose Carve Out Financial Statements were approved for issue in accordance with a resolution of the Board of Directors of the Company in their meeting held on August 29, 2024.

The Transferred Business is subject to the satisfaction of conditions as stipulated in the BLTA.



## 2.2 Summary of material accounting policies

### a. Basis of Preparation

(i) The Special Purpose Carve Out Financial Statements of the Transferred Business of the Company, which comprises the Carve Out Balance Sheet as at March 31, 2022 the Carve Out Statement of Profit and Loss including Other Comprehensive Income, the Carve Out Statement of Cash Flows and the Carve Out Statement of Changes in Equity the financial years ended March 31, 2022 and notes to the Carve Out Financial Statements, including a summary of material accounting policies and other explanatory information (collectively the "Special Purpose Carve Out Financial Statements") have been prepared:

- taking into consideration the terms of the BLTA;
- as per the group accounting policies as adopted in the Restated Summary statements for the year ended March 31, 2022 by Issuer.
- in accordance with Guidance Note on Combined and Carve Out Financial Statements issued by the Institute of Chartered Accountants of India ("ICAI") (the "Guidance Note"), to the extent applicable.

Accordingly, the Special Purpose Carve Out Financial Statements include only those assets and liabilities (including contingencies) that are to be acquired by Ventive Hospitality Limited under the terms of the BLTA, being the assumed assets and assumed liabilities for all the years presented.

(ii) The assumed assets and assumed liabilities and related income and expenses of the Transferred Business of the Company have been reported in the Special Purpose Carve Out Financial Statements in accordance with recognition and measurement principles prescribed by the Group Accounting Policies.

(iii) The Transferred Business has historically operated as part of the Company and not as a standalone entity.

Financial statements representing the operations of the Transferred Business have been derived from the Company's accounting records and are presented on a carve out basis. The principal purpose of Special Purpose Carve Out statement of Profit and Loss is to present the historical operations of the carve out business and reflect all the costs of doing business and corresponding revenue. Therefore, these Special Purpose Carve Out Statement of Profit and Loss includes the relevant costs and revenue as if the carve out business operated as a separate entity in the periods presented.

(iv) Capital, as disclosed in these Special Purpose Carve Out Financial Statements, being net asset value, represents the difference between the assumed assets and liabilities of the Transferred Business of the Company.

(v) Assets, liabilities, income, expenses and cash flows recognised in these Special Purpose Carve Out Financial Statements that are directly attributable to the Transferred Business are based on the separate books of accounts and underlying accounting records maintained by the Company for the Transferred business and as per conditions set out in the BLTA. Further, certain income and expenses which are not recorded in the books of accounts and underlying accounting records maintained by the Company for the Transferred business are allocated to the hotel operations considering the nature of income/expenses and specific identification of these income/expense to the hotel operations. The allocation of such income and expenses generally move with the related assets and liabilities. Therefore, income, expenses, assets, liabilities and cash flows which are either directly attributable to or allocated to or which will transfer to the hotel operations have been included in these Special Purpose Carve-out Financial Statements. These Special Purpose Carve-out Financial Statements also include certain allocations from remaining business units of the Company which will either be transferred to the hotel operations or which have been allocated to the hotel operations for the purpose of preparation of these Special Purpose Carve-out Financial Statements.

(vi) These Special Purpose Carve Out Financial Statements may not include all the actual expenses that would have been incurred had the carve out business operated as a standalone company during the periods presented and may not reflect the financial position and financial performance had it operated as a standalone company during such periods. Actual costs that would have been incurred if carve out business had operated as a standalone company would depend on multiple factors, including organizational structure, capital structure, strategic and tactical decisions made in various areas, including information technology and infrastructure. Therefore, the resulting financial position and financial performance in these Special Purpose Carve Out Financial Statements may not be that which might have existed if the carve out business had been a standalone company. Further, the information may not be representative of the financial position and financial performance which may prevail after the transaction.

(vii) The Special Purpose Carve Out Financial Statements as presented are not legal entity financial statements and hence, no earnings per share (EPS), basic and diluted, has been computed and disclosed.

(viii) The Special Purpose Carve Out Financial Statements have been prepared under the historical cost convention on the accrual basis, except for certain other financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

(ix) These Special Purpose Carve Out Financial Statements of the Transferred Business were approved by the Board of Directors of the Company on XX for the use of the management of the Company and Issuer.

(x) The Special Purpose Carve Out Financial Statements of the Transferred Business of the Company are presented in INR (₹) and all values are rounded to the nearest millions (₹ 000,000), except when otherwise indicated.

These Special Purpose Carve-out Financial Statements will be used by the Issuer in preparation of the Proforma Financial Statements on a voluntary basis to include the impact of proposed acquisition of the Transferred Business of the Company for the year ended March 31, 2022 ("Combined Proforma Financial Statements). The Combined Proforma Financial Statements are prepared on a voluntary basis by the Issuer for the year ended March 31, 2022 which will be included in the Draft Red Herring Prospectus ("DRHP") to be filed by the Issuer with Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") in connection with the proposed Initial Public Offer of the Issuer's shares ("IPO")

These Special Purpose Carve-out Financial Statements have been prepared solely for the purpose of preparation of Combined Proforma Financial Statements for inclusion in DRHP in relation to the proposed IPO of the Issuer. Accordingly, these Special Purpose Carve-out Financial Statements are not suitable for any other purpose other than for the purpose of preparation of the Combined Proforma Financial Statements by the Issuer. Accordingly, no comparative figures are also presented in these Special Purpose Carve-out financial statements.



**b. Significant accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

**c. Estimates and assumptions**

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the Company's control. Such changes are reflected in the assumptions when they occur.

**d. Current versus non-current**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as a current asset when it is either:

- Expected to be realised or intended to sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current assets.

A liability is classified as a current liability when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets/ (liabilities) are classified as non-current assets/ (liabilities).

The Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

**e. Fair value measurement**

The Company measures financial instruments, such as non-current and current investments, at fair value, at each balance sheet date. Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed In Note 26.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



**Notes to Special Purpose Carve Out financial statements for the year ended March 31, 2022**

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortized cost)

The Company's management determines the policies and procedures for both recurring fair value measurement, such unquoted financial assets measured at fair value, and for non-recurring measurement, such as non-current assets held for sale.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

**f. Revenue from contracts with customers**

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods or rendering of services is net of indirect taxes, returns and discounts.

**Hotel operations - Rooms, Food, Beverage and other allied hotel services including banquet services:**

Revenue is recognised at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognised once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer.

In relation to other allied hotel services, the revenue has been recognized by reference to the time of service rendered



**Variable Consideration:**

If the consideration in a contract includes a variable amount (like volume rebates/incentives, cash discounts etc.), the Company estimates the amount of consideration to which it will be entitled in exchange for rendering the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The estimate of variable consideration for expected future volume rebates/incentives, cash discounts etc. are made on the most likely amount method. Revenue is disclosed net of such amounts.

**Contract balances**

**Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policy no. 2.0 Financial instruments – Financial assets at amortised cost.

**Contract liabilities**

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company renders services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs under the contract.

**Contract assets**

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**g.Foreign currencies**

The Company's financial statements are presented in Indian Rupees ('INR'), which is its functional currency and presentation currency; the currency of primary economic environment in which company operates.

**Transactions and balances**

**Initial recognition:** Transactions in foreign currency are initially recorded at the functional currency spot rate of exchange at the date the transaction first qualifies for recognition.

**Translation and exchange differences**

**Monetary items:** Monetary assets and liabilities denominated in foreign currencies are translated at their respective functional currency exchange rate prevailing at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

**Non-monetary items:** Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of initial recognition. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income ('OCI') or profit or loss are also recognised in OCI or profit or loss, respectively).



h. Taxes

**Current income tax**

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the Profit or Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**i. Property, plant and equipment**

Property, plant and equipment and capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of purchase price, directly attributable cost of bringing the asset to its working condition for the intended use and borrowing costs, if the recognition criteria are met.

The cost also include initial estimate of decommissioning, restoring and similar liabilities. Any trade discount or rebate are deducted in arriving at purchase price. Such cost include the cost of replacing parts of property, plant and equipment.





When significant parts of property, plant and equipment are required to be replaced at intervals; the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

Depreciation is calculated on a written down value basis using the rates arrived at, based on the management's estimated useful lives. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Assets	Useful lives
	estimated by the management (years) Hospitality
Buildings	30
Plant and Machinery	5 – 20
Furniture and Fittings	10 – 15
Computers	6
Computers Software	3 – 10
Office Equipment	20
Vehicles	10

The useful lives of buildings are estimated as 30 years for service apartments. These lives are lower than those indicated in schedule II. Leasehold building has been amortized over the lease period of 30 years.

Plant and machinery (including electrical installations) and office equipment are depreciated over the estimated useful lives of 20 years, which are higher than those indicated in schedule II.

The useful lives of furniture and fittings are estimated as 10 to 15 years. These lives are higher than those indicated in schedule II.

Computers and vehicles are depreciated over the estimated useful lives of 6 years and 10 years respectively, which are higher than those indicated in schedule II.

Computer software has different lives ranging between 3-10 years based on their estimated intended usage.

Assets costing less than Rs. 5000 are depreciated @ 100% in the year it is put to use.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The management undertakes a review of the residual values, useful lives and methods of depreciation of property, plant and equipment at the end of each reporting period and adjustments are made whenever necessary.

#### j. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### k. Company as a lessee

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.



**Panchshil Infrastructure Holdings Private Limited**

Notes to Special Purpose Carve Out financial statements for the year ended March 31, 2022

**Accounting of Operating leases:** At the date of commencement of the lease, the Company recognises a Right-of-Use asset ("ROU") and a corresponding Lease Liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The ROU assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less Accumulated depreciation and impairment losses, if any. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful lives of the assets, as follows:

Office premises / Office Building : 5 to 10 years

The Lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in 2.11.1.5 Impairment of non-financial assets.



**l. Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

**- Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of Office building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**m. Borrowings costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**n. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite useful lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets i.e. computer software is amortized on a straight line basis over the period of expected future economic benefits i.e. over their estimated useful lives of 6 years.



**o. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Classification**

Financial assets are classified as subsequently measured at amortised cost, fair value through comprehensive income ('FVOCI') or fair value through other profit or loss ('FVTPL').

**Initial recognition and measurement**

Financial assets are recognised initially at fair value plus, in the case of financial assets not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the acquisition of the financial asset. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised using trade date or settlement date accounting.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- a) At amortised cost
- b) At fair value through Other Comprehensive Income ('FVOCI')
- c) At fair value through profit or loss ('FVTPL')

**Financial assets classified as measured at amortised cost**

A financial asset shall be measured at amortised cost if both of the following conditions are met:

the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance expense/ (income) in the profit and loss statement. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade receivables, security and other deposits receivable by the company.

**Financial assets classified as measured at FVOCI**

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such instruments are measured at fair value at initial recognition as well as at each reporting date fair value movements are recognised in the Other Comprehensive Income ('OCI'). Interest income, impairment losses and reversals and foreign exchange gain or loss are recognised in the statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit and loss. Interest earned on such instruments is reported as interest income using the EIR method.

Further, the Company may make an irrevocable election at initial recognition, to classify as FVOCI, particular investments in equity instruments (except equity instruments held for trading) that would otherwise be measured as FVTPL. The Company makes such an election on an instrument-by-instrument basis. Such instruments are measured at fair value on initial recognition as well as at each reporting date. All fair value changes are recognised in OCI. There is no recycling of amounts from OCI to statement of profit and loss, even on de-recognition. However, the company may transfer the cumulative gain/loss within equity. Dividend received on these equity investments is recorded in the profit and loss statement.

**Financial assets classified as measured at FVTPL**

A Financial asset shall be measured at FVTPL, unless it is measured at amortised cost or at FVOCI. The Company classifies all equity or puttable financial instruments held for trading as measured at FVTPL. Such instruments are measured at fair value at initial recognition as well as at each reporting date. The fair value changes are recognised in the statement of profit and loss eg mutual fund. Further, the Company may make an irrevocable election to designate a financial asset as FVTPL, at initial recognition, to reduce or eliminate a measurement or recognition inconsistency.



#### De-recognition

A financial asset (or, where applicable, a part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when the rights to receive cash flows from the asset have expired; or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Impairment of financial assets

The Company applies expected credit loss ('ECL') model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets measured at amortised cost

Financial assets measured at FVOCI, except investments in equity instruments designated as such by the Company.

Trade receivables under Ind-AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

The impairment loss/ (gain) is recognised in the statement of profit and loss, except for impairment loss/ (gain) on financial assets measured at FVOCI, which shall be recognised in the OCI.

#### Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

#### Financial liabilities

##### Classification

Financial liabilities are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss ('FVTPL').

##### Initial recognition and measurement

Financial liabilities are recognised initially at fair value net of, in the case of financial liabilities not classified as fair value through profit or loss ('FVTPL'), transaction costs that are attributable to the issue of the financial liability. Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

##### Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as such upon initial recognition. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated as such upon initial recognition at the initial date of recognition, if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

The Company has not designated any financial liability as at fair value through profit and loss.



**Financial liabilities at amortised cost**

This is the most relevant category to the Company. The Company generally classifies interest bearing borrowings as financial liabilities carried at amortised cost. After initial recognition, these instruments are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**p.Embedded derivatives**

If the hybrid contract contains a host that is a financial asset, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

The Company does not have hybrid instruments wherein the economic characteristics and risks of embedded derivative and the host contract are not closely related.

**q.Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

**r.Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, balances with banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

In the statements of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above net of outstanding bank overdrafts as they are considered as integral part of the Company's cash management.



**s. Cash dividend distribution to equity holders**

The Company recognises a liability to make cash distribution to its equity shareholders in form of dividend, when the distribution is authorised and the distribution is no longer at the Company's discretion. As per the provisions of the Indian corporate laws, a distribution is authorised when it is approved by the shareholders in the general meeting. The Company accordingly recognises dividend after it is approved in the shareholders' meeting. A corresponding amount is recognised directly in equity.

**t. Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**u. Contingent liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company.

A contingent liability can arise for obligations that are possible, but it is yet to be confirmed whether there is present obligation that could lead to an outflow of resources embodying economic benefits.

The Company also discloses contingent liability when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

The Company does not recognise a contingent liability but only makes disclosures for the same in the financial statements.

**w. Retirement and other employee benefits**

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Refer Note 33 for additional disclosures relating to Company's defined benefit plan.

**Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 24.



**x.Segment reporting**

The Company's activities relating to Transferred Business comprises of hotels in India. Based on the guiding principle as per IND AS - 108 "Operating Segments", this activity falls within a single operating segment.

**y.Other income**

**Interest Income:**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate ('EIR') applicable. For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.





**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 3. Property, Plant and Equipment As at March 31, 2022**

	Freehold land	Freehold Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Computers	Vehicles	Electrical installations	Leasehold - Building	Total	Intangibles
<b>Gross block</b>											
Opening	219.13	1,090.51	317.40	323.92	11.38	16.65	28.19	100.97	35.24	2,143.39	13.70
Additions	-	-	15.17	0.25	0.07	-	-	-	-	15.49	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing balance	219.13	1,090.51	332.57	324.17	11.45	16.65	28.19	100.97	35.24	2,158.88	13.70
<b>Accumulated Depreciation</b>											
Opening	-	804.91	279.18	303.82	8.33	15.42	24.49	91.89	33.64	1,561.67	12.52
Charge for the year	-	28.17	8.79	4.66	0.50	0.49	0.98	1.70	1.60	46.90	0.60
Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing balance	-	833.08	287.97	308.48	8.83	15.91	25.47	93.59	35.24	1,608.57	13.12
<b>Net Block</b>	219.13	257.43	44.60	15.69	2.62	0.74	2.72	7.38	-	550.31	0.58

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**Panchshil Infrastructure Holdings Private Limited****Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 4- Other financial assets**

March 31, 2022

	Current	Non-current
Unsecured, considered good		
Security Deposit	-	13.64
Other bank balances with original maturity more than 12 months	-	3.04
Interest accrued but not due	1.12	-
<b>Total</b>	<b>1.12</b>	<b>16.68</b>

**Note 5 - Inventories (valued at lower of cost and NRV)****Particulars**

March 31, 2022

Food, beverages and other supplies	10.65
Crockery, cutlery and linen	0.39
<b>Total Inventories</b>	<b>11.04</b>

**Note 6 - Cash and bank balances**

March 31, 2022

Cash and cash equivalents	
Balances with banks:	
– On current accounts	32.36
Cash on hand	0.50
<b>Total</b>	<b>32.86</b>

**Note 7 - Other Current assets**

March 31, 2022

Advances to suppliers	2.34
Balances with government authorities (Unsecured, considered good)	4.25
Prepaid expenses	10.15
<b>Total Other assets</b>	<b>16.74</b>

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	Current
	March 31, 2022
<b>Balances with banks:</b>	
– On current accounts	32.36
Cash on hand	0.50
<b>Total Cash and cash equivalents</b>	<b>32.86</b>

**Changes in liabilities arising from financing activities**

Particulars	March 31, 2022
Opening Balance of borrowings	457.89
Add:	
Proceeds from borrowings	236.94
Accrual of Interest	22.18
Less:	-
Repayment of borrowings	0
Payment of interest	(33.51)
Non Cash Changes	(152.25)
<b>Closing balance of borrowings</b>	<b>531.25</b>
<b>Total liabilities from financing activities</b>	<b>694.83</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 8 - Trade receivables**

Particulars	Current	
	March 31, 2022	
Secured, considered good	-	
Unsecured, considered good	42.01	
Credit impaired	9.57	
<b>Total</b>	<b>51.58</b>	
Less : Allowance for credit impaired	-9.57	
<b>Total Trade receivables</b>	<b>42.01</b>	

For terms and conditions relating to related party receivables, refer note 25. For explanations on the Company's credit risk management process, refer note 27.

The net carrying value of trade receivables is considered a reasonable approximation of fair value.

**Break up of financial assets carried at amortised cost**

Particulars	March 31, 2022	
	Non-current	Current
Trade receivables	-	42.01
Cash and cash equivalents	3.04	32.86
Other financial assets	13.64	1.12
<b>Total financial assets carried at amortised cost</b>	<b>16.68</b>	<b>75.99</b>

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**Panchshil Infrastructure Holdings Private Limited**

**Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 9. Other Equity**

Particulars	Amount Rs
<b>1. Inter unit balance- Equity</b>	
Opening Balance as at April 01,2021	149.81
Changes during the year	-241.76
<b>Balance as at March 31,2022</b>	<b>-91.95</b>
<b>2. Retained earnings</b>	
Opening Balance as at April 01,2021	-
Loss for the year	-16.33
Other comprehensive income	0.50
<b>Balance as at March 31,2022</b>	<b>-15.83</b>
<b>Total Other Equity</b>	<b>-107.78</b>

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**Note 10 (A)- Long Term Borrowings (at ammortised cost)**

	Current	Non-current
	March 31,2022	
<b>Term loans (secured) [Refer below note 1]</b>		
A. Indian rupee loan from banks (secured)	10.61	436.33
B. Indian rupee loan from banks (secured)	5.81	242.08
	<b>16.42</b>	<b>678.41</b>
<b>The above amount includes</b>		
Secured borrowings	16.42	678.41
Unsecured borrowings	-	-
<b>Total Borrowings</b>	<b>16.42</b>	<b>678.41</b>

The Maturity analysis of borrowings is disclosed in note No 27

**Note 10 (B)- Short Term Borrowings (at ammortised cost)**

	Current
	March 31, 2022
<b>Current maturity of long term borrowings</b>	
A. Indian rupee loan from banks (secured)	10.61
B. Indian rupee loan from banks (secured)	5.81
	<b>16.42</b>

**Note A : Indian rupee loan from Banks**

Secured Indian rupee loan from bank repayable in 16 quarterly unequal instalments starting from March, 2023. The loan is secured by first charge by way of Mortgage over land and structure thereon of the Oakwood Residence project and Marriott Suites. hypothecation of current and future receivable from the Oakwood Residences and Marriott Suites assets (including Escrow Accounts) The loan carries a floating interest @ 10.65 % p.a.

**Note B : Indian rupee loan from Banks**

Secured Indian rupee loan from bank repayable in 16 quarterly unequal instalments starting from March, 2023. The loan is secured by first charge by way of Mortgage over land and structure thereon of the Oakwood Residence project and Marriott Suites. hypothecation of current and future receivable from the Oakwood Residences and Marriott Suites assets (including Escrow Accounts) The loan carries a floating interest @ 10.00 % p.a.

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 11 - Provisions**

	Non-current March 31, 2022	Current
<b>Provision for employee benefits</b>		
Provision for leave encashment	0.72	0.47
Provision for gratuity	3.98	1.52
<b>Total provisions</b>	<b>4.70</b>	<b>1.99</b>

**Note 12 - Other Current financial liabilities**

	March 31, 2022
Interest free deposits	1.06
Employee related liabilities	3.37
<b>Total financial liabilities</b>	<b>4.43</b>

**Note 13 - Other Current Liabilities**

	March 31, 2022
Advance from customers	5.25
<b>Others</b>	
Value added tax and works contract tax payable	0.61
Statutory dues payable	1.22
<b>Total other liabilities</b>	<b>7.08</b>

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**Panchshil Infrastructure Holdings Private Limited**

**Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 14 - Trade payables**

	Current March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises (MSME)	114.45
- Total outstanding dues of related party creditors (refer note 36)	-
<b>Total trade payables</b>	<b>114.45</b>

Refer note 25 for details of balances payables to related parties.

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 15. Income tax**

The major components of income tax expense for the year ended March 31, 2022 are:

**Statement of profit and loss section**

	March 31, 2022
<b>Current income tax:</b>	
Current income tax charge	-
Adjustment for current tax of previous years	-
<b>Deferred tax:</b>	
MAT credit entitlement for earlier years	-
Defferd tax (income)/charge for the year	4.70
<b>Total current tax expense</b>	<u>4.70</u>
<b>OCI Section:</b>	
Deferred tax related to items recognised in OCI during the year	-
<b>Income tax expense reported in the statement of profit or loss</b>	<u>4.70</u>

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended**

	March 31, 2022
<b>Accounting profit before tax</b>	(11.63)
<b>Computed tax expense</b>	
At India's statutory income tax rate of 29.12%	-
<b>Adjustments for:</b>	
Other non deductible expenses for tax purpose	3.52
Tax on temporary disallowances on which deferred tax asset has not been recognised	10.37
Others	-9.18
<b>Income tax expense reported in the statement of profit and loss</b>	<u>4.70</u>

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**Panchshil Infrastructure Holdings Private Limited**

**Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Statement of Balance sheet section**

Particulars	March 31, 2022
WDV of property, plant and equipments	455.68
Provision for bad and doubtful debts	27.88
<b>Net deferred tax assets recognised in Balance Sheet</b>	<b>483.56</b>

**Reflected in the balance sheet as follows**

	March 31, 2022
Deferred tax liability	-
Deferred tax assets	48.36
<b>Deferred tax assets (net)</b>	<b>48.36</b>
<b>Movement of deferred tax</b>	
Balance at the beginning of the year	53.06
(Charge)/Credit During the year	(4.70)
<b>Balance at the end of the year</b>	<b>48.36</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 16 - Revenue from operations**

March 31,2022

**From hotel operations**

Room income 299.95

Other hotel services including banquet income and membership fees 7.18

Sale of food and beverages 125.19

Revenue from commercial leasing 0.03

**Total revenue from operations** **432.35****Type of goods or service**

March 31,2022

Revenue from hotel operations 432.32

Revenue from commercial leasing 0.03

**432.35****Reconciliation of the amount of revenue recognised in the statement of profit**

March 31,2022

Revenue as per contracted price 432.35

**Adjustments**

Discount -

Revenue from contract with customers **432.35****Disaggregated revenue recognition**

March 31,2022

Revenue recognised over a period of time 432.35

Revenue recognised at a point of time -

**432.35****Contract Balances**

March 31,2022

Trade Receivables 42.01

Contract Assets -

**42.01**

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 17 - Other income**

March 31,2022

Rental income	2.65
Key money income	3.36
Miscellaneous income	0.47
	<u>6.48</u>

**Note 18 - Cost of materials consumed**

March 31,2022

<b>Cost of food and beverages consumed</b>	
Inventory at the beginning of the year	10.24
Add: Purchases	51.81
	<u>62.05</u>
Less: Inventory at the end of the year	10.65
<b>Cost of food and beverages consumed</b>	<u>51.40</u>
<b>Cost of Construction material sold</b>	-
	<u>51.40</u>

**Details of food and beverages consumed**

There are no items of food and beverages whose purchases exceeded 10% of total consumption. It is not practicable to furnish the information in view of the large number of items which differ in size and nature, each being less than 10% in value of the total.

**Note 19 - Employee benefit expenses**

March 31,2022

Salaries, wages and bonus	102.61
Contribution to provident and other funds	3.86
Gratuity expenses (refer note 24)	0.65
Staff welfare expenses	13.65
	<u>120.77</u>

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**Panchshil Infrastructure Holdings Private Limited**

**Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 20 - Other expenses**

March 31,2022

Power, fuel and light	59.29
<b>Repairs and maintenance</b>	
Plant and machinery	30.83
Buildings	7.31
Vehicle Expenses	0.54
Equipment rental charges	0.55
Rates and taxes	19.81
Insurance charges	3.03
Advertising and sales promotion	11.34
Travelling and conveyance	1.82
Printing and stationery	1.29
Legal and professional fees	5.39
Linen, laundry and cleaning	14.09
Internet, telephone and other operating supplies	17.05
Management fees	12.11
Communication costs	0.31
Security expenses	7.10
Provision for doubtful debts written back	1.44
Exchange loss (net)	0.17
CSR Expenses	0.01
Miscellaneous expenses	3.80
	<b>197.28</b>

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**Panchshil Infrastructure Holdings Private Limited**

**Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022**

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 21 - Depreciation and amortisation expense**

**March 31,2022**

Depreciation of property, plant and equipment (refer note 3)	46.90
Amortisation of intangible assets (refer note 3)	0.60
	<u>47.50</u>

**Note 22 - Finance costs**

**March 31,2022**

Interest expenses	
- on bank facilities	22.18
Collecting agents commission	3.74
	<u>25.92</u>

**Other borrowing costs**

Loan Processing & Registration Fees	3.79
Bank charges	3.80
	<u>7.59</u>
	<u>7.59</u>

**Total finance cost**

33.51

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**Note 23. Segment information relating to Transferred Business**

The Company's activities comprise operation of hotels in India. Based on the guiding principles given in Ind AS - 108 "Operating Segments", this activity falls within a single operating segment and accordingly the disclosures of Ind AS - 108 have not separately been given. The Company has all the assets within India.

**Note 24. Disclosure pursuant to Employee benefits**

**A. Defined benefit plans:**

The Company operates a defined benefit gratuity plan. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is non-funded.

**Changes in defined benefit obligation and plan assets as at March 31, 2022**

	Gratuity cost charged to statement of profit and loss				Remeasurement gains/(losses) in other comprehensive income								
	April 1, 2021	Service cost	Transfer in /Out	Net interest expense	Sub-total included in statement of profit and loss	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments included in OCI	Sub-total included in OCI	Contributions by employer	March 31, 2022
Gratuity													
Defined benefit obligation	40.13	12.83	-	1.82	14.66	(4.77)	(4.77)	-	-2.36	7.30	4.94	-	54.96
Fair value of plan assets	40.13	12.83	-	1.82	14.66	(4.77)	(4.77)	-	(2.36)	7.30	4.94	-	54.96
Benefit Liability	40.13	12.83	-	1.82	14.66	(4.77)	(4.77)	-	(2.36)	7.30	4.94	-	54.96
Total benefit liability	40.13	12.83	-	1.82	14.66	(4.77)	(4.77)	-	(2.36)	7.30	4.94	-	54.96

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The principal assumptions used in determining above defined benefit obligations for the Company/s For Hotel operations

	March 31,
Discount rate	5.5-5.7%
Future salary increase	6.00%
Expected rate of return on plan assets	N/A
Rate of Employee Turnover	33.00%
Mortality Rate During Employment	IALM(2012-24)

A quantitative sensitivity analysis for significant assumption is as shown below:

	March 31, 2022	
	Sensitivity level	(Increase) / decrease in defined
Discount rate	1% increase	-1.29
	1% decrease	1.37
Future salary increase	1% increase	0.89
	1% decrease	-0.86
Withdrawal rate	1% increase	-0.17
	1% decrease	0.17

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan:

Disclosure pursuant to Employee benefits	March 31, 2022
Within the next 12 months (next annual reporting	15.25
Between 2 and 5 years	42.45
Beyond 5 years	24.63
Total expected payments	82.33

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**Panchshil Infrastructure Holdings Private Limited**

Notes to the Special Purpose Carve Out Ind AS financial statements for the year ended March 31, 2022

(All amounts are in Indian Rupees millions, unless otherwise stated)

**Note 25. Related Party Disclosures**

Disclosures of transactions with Related Parties are as under:

**A. Description of Related Parties****i) Name of the Related party and nature of relationship****A. Related parties where control exists**

Nature of relationship	Name of the Company
Holding Company	PremSagar Infra Realty Private Limited

**B. Names of other related parties with whom transactions have taken place during the year:**

Key managerial personnel	Atul Chordia (Director)
	Farookh Khan Noormohammad (Additional Director)
	Sagar Chordia (Director)
Enterprises owned or significantly influenced by key management personnel or their relatives or major shareholders of the Company	Pune Express Infrastructure Private Limited
	Panchshil Realty & Developers Private Limited
	P-One Infrastructure Private Limited
	Panchshil Foundation
	Panchshil Hotels Private Limited
	Panchshil Corporate Park Private Limited
	Fine & Fit Gymnasium Private Limited
	Coliving Stories Private Limited
	ICC Realty (India) Private Limited

**C. Transactions with Related Parties**

Particulars	March 31, 2022
<b>Reimbursement of expenses received</b>	
ICC Realty (India) Private Limited	2.91
Panchshil Corporate Park Private Limited	0.53

**Balances outstanding as at year end:****Related Party Disclosures-Balance outstanding**

Particulars	March 31, 2022
<b>Receivables</b>	
Eon Hadapsar Infrastructure Private Limited	1.86
A2Z Online Services Private Limited	32.39
Fine & Fit Gymnasium Private Limited	3.23
Panchshil Corporate Park Private Limited	24.37
P-One Infrastructure Private Limited	0.74
Panchshil Hotels Private Limited	0.63
ICC Realty (India) Private Limited	0.16
<b>Payables</b>	
Panchshil Corporate Park Private Limited	0.53
ICC Realty (India) Private Limited	2.91



## Note 26. Fair values

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2022

Particulars	Amortised Cost	Financial assets/liabilities at fair value through profit and loss	Total carrying value	Total fair value
<b>Financial assets</b>				
Trade and other receivables	42.01	-	42.01	42.01
Cash and cash equivalents	32.86	-	32.86	32.86
Other financial assets	17.80	-	17.80	17.80
	-	-	-	-
<b>Total-Financial assets</b>	<b>92.67</b>	<b>-</b>	<b>92.67</b>	<b>92.67</b>
<b>Financial liabilities</b>				
Borrowings	694.83	-	694.83	694.83
Other financial liabilities	4.43	-	4.43	4.43
Trade payables	114.45	-	114.45	114.45
	-	-	-	-
<b>Total-Financial liabilities</b>	<b>813.70</b>	<b>-</b>	<b>813.70</b>	<b>813.70</b>

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**Note 27. Financial Instruments risk management objectives and policies**

The Company's principal financial liabilities comprise trade payables, borrowings and security deposits. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets includes investments, trade receivables and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity price risk. Financial Instruments affected by market risk include borrowings and investments.

The sensitivity analyses in the following sections relate to the position as at and March 31, 2022.

The sensitivity analysis have been prepared on the basis that the amount of net debt and the ratio of fixed-to floating interest rates of the debt are all constant as at March 31, 2022.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected the Company profit before tax is affected through the impact on floating rate borrowings, as follows:

**Risk management- Interest rate sensitivity Table**

	March 31, 2022	
	Increase / decrease in basis points	Effect on profit before tax
INR	+50	(9.68)
	-50	9.68

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, if any, investment in mutual fund and other financial instruments.

**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management.

In case of hospitality business, credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 39.

The Company assesses at each reporting date whether a trade receivable or a group of trade receivables is impaired. The Company recognises lifetime expected credit losses for all trade receivables that do not constitute a financing transaction and which are due for more than six months. The expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company uses a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix.

Particulars	Net due	Within 120 days*	More than 120 days*	Total
ECL %			18.56%	18.56%
March 31, 2022			51.58	51.58
Estimated total gross carrying amount			(9.57)	(9.57)
ECL - Simplified approach				
<b>Net carrying amount</b>			<b>42.01</b>	<b>42.01</b>

\* Provision is made for receivables where recovery is considered doubtful irrespective of due date. Where an amount is outstanding for more than 365 days the Company usually provides for the same unless there is clear visibility of recovery.



**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	March 31, 2022
	Increase / decrease in rate
	Effect on profit before tax
USD payables	+ 50 (16.88)
SGD Payables	- 50 16.88
	+ 50 (0.14)
	- 50 0.14

**Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risk are overseen by Senior management. Management monitors the Company's net liquidity position on a monthly and quarterly basis through its Senior management meeting and board meetings. They use rolling forecasts on the basis of expected cash flows.

The Senior management ensures that the future cash flow needs are met through cash flow from the operating activities and short term borrowings from banks.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

**Risk management- Liquidity risk As at March 31, 2022**

	On demand	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
As at March 31, 2022						
Borrowings		0.90	164.92	6,784.06		6,949.88
Security deposit	1.06					1.06
Trade Payables		114.45				114.45
Other financial liabilities						
<b>Total</b>	<b>1.06</b>	<b>115.35</b>	<b>164.92</b>	<b>6,784.06</b>		<b>7,065.38</b>

**Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors the capital using gearing ratio. The Company includes within net debt, interest-bearing loans and borrowings, less cash and cash equivalents.

Particulars	March 31, 2022
Borrowings (Note 10)	694.83
Less: cash and short-term and long term deposits (Note 6 and 4)	35.90
<b>Net debt</b>	<b>658.93</b>
Equity share capital (Note 9)	
Other equity (Note 9)	(107.78)
Total capital	(107.78)
<b>Capital and net debt</b>	<b>551.15</b>
Gearing ratio	120%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.



**Note 28. Commitments and contingencies**

**a. Capital commitments**

Particulars	As at March 31, 2022
Estimated amount of contracts remaining to be executed on other account and not provided for	Nil

**Note 29. Particulars of unhedged foreign currency exposure as at the balance sheet date**

	March 31, 2022	
	Amount in foreign currency	Amount in Rs.
<b>Payables</b>		
USD	4.63	337.67
SGD	0.05	2.73

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**Note 30. Social Security Code**

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

For M S K A & Associates  
Firm Registration No.:105047W

Nitin Manohar Jamani  
Partner  
Membership No:111700

Place:Pune

Date: August 29, 2024



For and on behalf of the Board of Directors of  
Panchshil Infrastructure Holdings Private Limited

Atul Chordia  
Director  
DIN: 00054998

Place: Pune

Date: August 29, 2024

Farookh Khan Noormohammad  
Director  
DIN: 01323080

Place: Pune

Date: August 29, 2024

